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UNCLAS SECTION 01 OF 02 CONAKRY 000145

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TREASURY FOR OFFICE OF AFRICAN NATIONS

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SUBJECT: GRASSROOTS SUPPORT FOR GUINEA'S BAN ON EXPORTS

REF: Conakry 129

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Summary  
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¶1. (SBU) On January 29, the government of Guinea issued a decree banning the exportation of all agricultural, forestry, livestock, fisheries and petroleum products. The ban is one of the union demands included in the January 27 tripartite agreement that suspended the general strike. Its objective is to "satisfy the needs of the domestic market," and it is effective for calendar year ¶2007.

¶2. (SBU) The ban's premise is that the recent rise in the cost of consumer goods is a direct result of goods being exported (for hard currency, most of which vanishes into private pockets) to neighboring countries. Average Guineans applaud the fall in the price of some basic necessities, mostly local produce. They do not understand WTO or ECOWAS protocols and that the decree may be interpreted as a breach of the accords. Local government officials in the border regions are urging customs officers to prevent the smuggling of goods across Guinea's borders, and average Guineans have taken enforcement in their own hands in some instances. End summary.

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Desperate Measures for Desperate Times?  
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¶3. (SBU) Issued as a joint decree by the Ministers of Commerce, Fish and Aquaculture, and Agriculture and Forests, the ban on exports seeks to increase the amount of basic consumer products on the Guinean market in order to lower the prices of those goods. On February 6, EconOff spoke with Mr. Dianka Koivogui, national director of Guinea's Office for the Promotion of Investment (OPIP) at the Ministry of Commerce. While acknowledging that a ban on exports will likely be interpreted as a breach of bilateral and multilateral trade agreements, Koivogui said such agreements have provisions for emergencies, and the Guinean people are "still in the middle of a crisis," although the general strike has been suspended.

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See, It's Working Already  
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¶4. (SBU) EconOff asked Koivogui if he feared potential investors might be dissuaded from doing business in Guinea because of the ad hoc ban on exportation, and Koivogui said he had no such fear. He noted alleged U.S. protectionist policies regarding cotton and steel, arguing foreign investors had not been dissuaded from investment in the U.S. as a result of those economic tactics.

Kovogui said Guinea's ban was not a policy shift, simply an emergency measure for a finite period of time in order to meet the immediate needs of the Guinean people.

15. (SBU) EconOff asked if Kovogui had any concern about the loss in hard currency, as well as tax revenue (reftel), due to the export ban. Koivogui believed the Guinean economy would stabilize if the price of basic consumer goods stabilized. Koivogui touted the early effects of the export ban by providing anecdotal evidence that the price of many agricultural products had already decreased significantly as domestic supplies increased. He concluded, "See, it's working already."

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Robin Hood, or Robin Hoodlums?  
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16. (SBU) The export ban enjoys popular support, especially as average Guineans see lower prices for produce in the marketplace. Grassroots support has given rise to a sort of vigilantism in some regions. Many Guineans distrust customs officials' ability to enforce the export ban, due both to corruption and lack of capacity.

There are credible reports of trucks with suspected foreign destinations being blocked and their goods being taken and "distributed" to villagers. Deliveries to legitimate Guinean destinations have been interrupted, particularly to Guinea's border towns and villages. In Kankan, locals attacked a truck carrying a load of timber; villagers believed the timber was headed to Mali, and seized the entire shipment. Even trucks destined for the capital city, Conakry, have faced roadblocks and crowds of vigilantes demanding to know where fruits and vegetables were to be delivered.

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CONAKRY 00000145 002 OF 002

COMMENT  
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17. (SBU) We have not yet seen the impact of Guinea's export ban in all sectors of the economy. It is sure to have a ripple effect not only on hard currency and tax revenues, but also on longer-term availability of goods, especially imported goods, and in a distorted balance of trade. Moreover, other elements of the agreement with the unions encourage, rather than discourage, continued exports for cash. For example, fuel, already cheap by the standards of Guinea's neighbors, is now even cheaper. Rice is also well below market. Equally interesting are the social dynamics highlighted by the export ban. The average citizens who block shipments of fruits or vegetables say they are acting out of pure nationalist pride and reject the idea they may be judged vigilantes. Judging from positive television reports on the deeds of watchful citizenry, their government agrees.

MCDONALD